

Navy Misses Credit Card Fraud

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WASHINGTON (AP) - Government credit cards meant to streamline purchases were used by some Navy personnel to buy personal highway toll tags, auto parts, electronic gadgets and even a dog, congressional investigators reported Tuesday.

The General Accounting Office said the Navy lacks an automated system that would identify potential or actual fraud by holders of "purchase cards" used for goods and services. The improper purchases were submitted to the Navy in monthly credit card statements and approved for payment.

The study was the latest in a series of reports on government credit card abuse. In a separate report obtained Monday, the congressional investigators found that Navy personnel used separate government travel cards to hire prostitutes at brothels, buy jewelry, gamble and attend New York Yankees and Los Angeles Lakers games.

The purchase card report focused on the Navy's vulnerability to fraud and did not attempt to place a value on the improper transactions. A sample of 624 transactions between October 2000 and September 2001 found 15 percent of them to be potentially fraudulent, according to the report prepared for Reps. Stephen Horn, R-Calif., and Jan Schakowsky, D-Ill., and Sen. Charles Grassley, R-Iowa.

The Pentagon has pledged to improve the situation through increased audits; better record-keeping of purchased items; reconciliation of credit card statements and supporting documentation; establishment of a fraud database; and a system to alert major commands of problems with card usage.

Horn, whose House Government Reform subcommittee has been investigating the credit cards for 18 months, said, "These programs were created to save taxpayers' money by streamlining the Government's cumbersome procurement and travel procedures.

"However ... this subcommittee has heard so many examples of fraudulent and abusive use of these programs that it is impossible to know whether the programs have saved any money at all. Up to now, the Department of Defense has failed miserably to monitor the use of these cards."

The GAO said the improper purchases included:

_ \$250,000 worth of items by an Atlantic Fleet cardholder between September 2000 and July 2001, including remote control helicopters, prepaid highway toll tags and a dog. A court-martial is pending against the abuser.

_ \$150,000 in purchases by another Atlantic Fleet abuser, who racked up the bills between January and October 2000 for automotive, building and home improvement supplies. The individual pleaded guilty to multiple counts of larceny and other violations and received a two-year prison term.

